

ORDER OF THE EMERGENCY MANAGER OF THE CITY OF ECORSE

ORDER No. 089

ORDER OF THE EMERGENCY MANAGER OF THE CITY OF ECORSE, COUNTY OF WAYNE, STATE OF MICHIGAN, TO ADOPT, IMPLEMENT AND, FROM TIME TO TIME, AMEND THE 'SALE OF CITY OWNED REAL ESTATE POLICY' FURTHER AUTHORIZING THE SALE OF CERTAIN CITY OWNED PROPERTY TO BE ACCOMPLISHED ADMINISTRATIVELY.

WHEREAS, under the Local Financial Stability and Choice Act, Act 436 of 2012 (MCL 141.1541 et seq) and, for all relevant periods, the Local Government Fiscal Responsibility Act, Act 72, Public Acts of Michigan, 1990, as amended ("Act 72") and, for all relevant periods, under the Local Government and School District Fiscal Accountability Act, Act 4, Public Acts of Michigan, 2011, as amended ("Act 4"), as well as any successor Acts and the Contract dated October 30, 2009 and Amended Contract of October 2012 (the "Contract") between the State of Michigan and Joyce A. Parker, Joyce A. Parker has been appointed as the Emergency (Financial) Manager (the "EM") of the City of Ecorse, County of Wayne, Michigan (the "City") and charged with the power and authority to take all actions necessary to develop and implement financial and operational plans, to regulate expenditures, investments, ensure compliance with federal, state and local laws, regulations, rules, local laws and make provisions for services for the City of Ecorse, including the power to exercise the authority and responsibilities of the Mayor, as the Chief Administrative Officer of the City, and of the City Council, as the governing body of the City, concerning the adoption and enforcement of resolutions affecting the financial condition of the City as provided in the Home Rule City Act, Act 279, Public Acts of Michigan, 1909, as amended ("Act 279"); and

WHEREAS and specifically pursuant to MCL 141.1549, an emergency manager shall act for and in the place and stead of the governing body and the office of chief administrative officer of the local government. The emergency manager shall have broad powers in receivership to rectify the financial emergency and to assure the fiscal accountability of the local government and the local government's capacity to provide or cause to be provided necessary governmental services essential to the public health, safety, and welfare.

WHEREAS, pursuant to provisions contained within Public Act 436, including Section 12, an Emergency Manager has the power to make, approve, or disapprove any appropriation, contract, expenditure, or loan, the creation of any new position, or the filling of any vacancy in a position by any appointing authority;

WHEREAS, the City of Ecorse presently owns in excess of fifty properties as a result of the increase in foreclosures over the past decade and such properties standing vacant rapidly deteriorate, are targets for vandalism and increase or add to blighted neighborhoods and an increase in criminal activity.

WHEREAS, the City of Ecorse desires to return all City owned real property to the tax rolls to generate additional revenue for the City, thereby reducing blight, crime and generating vibrant neighborhoods which will begin to stimulate economic growth. To that end, the City wishes to aggressively work to sell residential and commercial parcels of real property held by the City and do so with a clear and easy process that results in transferring properties as expeditiously as possible. Moreover, the City of Ecorse wishes to dispose of, transfer, or otherwise sell City owned real property in a uniform, consistent manner pursuant to a prompt process that demonstrates impartiality and an inherent fairness.

WHEREAS, adopting, implementing, and periodically amending a City of Ecorse **POLICY FOR THE SALE OF REAL ESTATE** that clearly sets forth the City's process, procedure and criteria for the sale of City owned real estate is desirable and necessary to assure a uniformity, creditability and integrity in the manner in which the City of Ecorse handles offers and sales of City owned property.

WHEREAS, the City is mindful of the deteriorated and often vandalized condition of the majority of properties held giving such properties a significantly low value as they are determined to be somewhat unmarketable, particularly in the present depressed economy. Further, the City recognizes that any delay in

the sale process increases the likelihood that a bona-fide buyer will walk away.

WHEREAS, any requirement to bring every bid, offer and/or sale of City owned property, no matter how small, before the City Council unnecessarily delays the sale process, encourages decision making predicated upon improper criteria and is a waste of the City Council's valuable time. Moreover, a **REAL ESTATE SALES POLICY** that allows the administrative sale of all properties selling for \$25,000 and under but requires City Council input and approval on price point for properties selling for over \$25,000 is a better use of the City Council's time, collective input and focuses on the single question that needs to be resolved.

WHEREAS, the City of Ecorse continues to be in a State declared financial emergency and anticipates that the financial emergency will continue for the foreseeable future. Therefore, during all periods of financial emergency status and pursuant to the Local Financial Stability and Choice Act, specifically MCL 141.1555 the City is prohibited from transferring or otherwise selling assets valued at more than \$50,000 without the express approval of the State Treasurer and a real estate sales policy should reflect that.

WHEREAS, this **ORDER** is necessary in order for the City of Ecorse to be in full compliance with the law and to carry out the comprehensive duties and responsibilities required of the Emergency Manager as set forth in Public Act 72 of 1990 and, for all relevant periods, Public Act 4 of 2011, and any successor Acts and the Contract between the Local Emergency Financial Assistance Loan Board or other State entity and the Emergency Financial Manager, other laws and, additionally, is considered necessary to implement and maintain the City of Ecorse's financial plan, to ensure the on-going implementation of the Emergency Financial Manager's long range plan for stability, development of internal capacity and the future financial sustainability of the City;

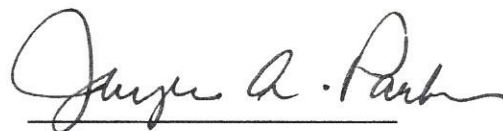
NOW THEREFORE, IT IS HEREBY ORDERED BY THE EMERGENCY MANAGER OF THE CITY OF ECORSE, PURSUANT TO PUBLIC ACT 436 OF 2012 AND ANY AND ALL SUCCESSOR ACTS, AND FOR ALL RELEVANT PERIODS, PUBLIC ACT 4 OF 2011, PUBLIC ACT 72 OF 1990 AND ANY SUBSEQUENT ACT, THE CONTRACT AND CONTRACT AMENDMENTS BETWEEN THE STATE AND EMERGENCY MANAGER, AND OTHER LEGAL MANDATES THAT:

1. Effective this date, the Emergency Manager hereby approves and adopts the City of Ecorse's **POLICY FOR THE SALE OF REAL ESTATE** in its entirety as attached hereto, including, but not limited to allowing, through this **ORDER**, the City of Ecorse to sell City owned real estate

with a sale price of \$25,000 or less without City Council approval. Said Policy is hereby incorporated into this executed ORDER by this reference as if it had been fully set forth in its entirety herein.

2. Pursuant to this **ORDER**, the City Administrator shall immediately disseminate and implement the City of Ecorse's **POLICY FOR THE SALE OF REAL ESTATE**.
3. Repeal. All orders of the Emergency Manager, resolutions of the City Council of the City and parts of resolutions, orders or contracts in conflict with this Order are hereby repealed to the extent of such conflict.

IT IS SO ORDERED this 30th day of April, 2013.

A handwritten signature in black ink, reading "Joyce A. Parker", written over a horizontal line.

Joyce A. Parker

Emergency Manager

City of Ecorse

CITY OF ECORSE

POLICY FOR THE SALE OF REAL ESTATE

PURPOSE:

The City of Ecorse's objective is to return all City owned real property to the tax rolls to generate additional revenue for the City, thereby reducing blight, generating vibrant neighborhoods and stimulating economic growth. Therefore, the City shall aggressively work to sell residential and commercial parcels of real property held by the City. In the City's effort to do so, the City of Ecorse shall dispose of, transfer, or otherwise sell City owned real property in a uniform manner pursuant to a prompt process that demonstrates impartiality and an inherent fairness. Therefore, the following process and criteria shall be used.

PROCESS:

1. All verbal and written expressions of interest in purchasing real property owned by the City of Ecorse, including proposals and/or offers, shall promptly be given or otherwise directed to the City Administrator or Assessor's Office.
2. All real property held by the City of Ecorse to be sold for \$25,000 or less shall be handled by the uniform internal procedure set forth herein that shall allow the sale to be fully completed without City Council approval. All such properties sold for \$25,000 or less shall appear on a monthly report submitted to the Mayor and City Council at the first regular City Council meeting of each month.
3. Once an offer is received, reviewed and evaluated by the City Administrator and the Assessor's Office, pursuant to the standard criteria below, the prospective purchaser shall have the opportunity to look at and enter upon the property.
4. If, following the walk – through of the property, the Prospective Purchaser wishes to proceed with acquiring the parcel(s) of real property, a standard City of Ecorse Letter of Understanding, hereinafter referred to as LOU, shall be prepared and forwarded to the Purchaser for their review.
5. Once the Prospective Purchaser, after reviewing the LOU, has notified the City that they are ready to proceed to close on the sale of the property, the City Administrator or the office of the City Assessor shall schedule and hold a closing on the sale of the property.

6. Whenever the City receives an offer to sell a piece of City owned real estate for more than \$25,000, the City Administrator shall place the matter on the Agenda of the next regularly scheduled City Council meeting in the form of a resolution to be voted upon, unless otherwise stated herein. If the City is listing the property with a real estate broker at a recommended price over \$25,000 but less than \$50,000, said listing agreement shall be first submitted to the City Council for their approval as to listing price. Upon receiving a viable offer from a bona fide potential purchaser, said offer shall be promptly submitted to the City Council for their approval at the next regular meeting of the City Council.
7. The Mayor and City Council shall not unreasonably withhold approval for the sale of said real estate or delay the sale process. In all instances where the City Council does not approve the sale of real estate or does not take a vote on the sale of the real estate when first presented, the City Council shall state on the record a clear reason for their action which shall be reflected in the City Council minutes so as to allow a meaningful review of the matter.
8. Within five (5) business days of either the closing on the sale of property if sold for \$25,000 or less or City Council approval of the sale of real estate over \$25,000, the Mayor shall execute the LOU and the Quit Claim Deed.
9. During all periods of time the City of Ecorse remains in a declared state of financial emergency with State oversight, for all City owned real estate to be sold for \$50,000 or more, the City of Ecorse shall be required to first obtain approval authorization from the Transition Advisory Board pursuant to Public Act 436 of 2012 before transferring any such property. Whenever the City obtains approval from the Transition Advisory Board to sell City owned real estate, approval by the City Administrator or Mayor and City Council shall not be required. However, prompt notice of the offer to sell shall be given to the Mayor and City Council.

CRITERIA FOR THE UNIFORM SALE OF CITY OWNED REAL ESTATE

A. Written Bids or Offers to Purchase.

The City of Ecorse shall encourage and otherwise invite interested buyers to submit a written bid or offer to purchase one or more identified City of Ecorse properties to the City Administrator or to the Assessor's Office. Within ten (10) business days the City Administrator and Assessor's Office shall evaluate the proposed offer or sale price by using the criteria set forth in this policy.

1. **General.** The City shall not sell or otherwise transfer property to an interested Buyer who owes the City money according to the City's records until all income taxes, debts, or other fees currently in arrears to the City of Ecorse are paid. No potential buyer may purchase another property unless they are in compliance with their Letter of Understanding or have otherwise made progress on an earlier purchase.

2. **Priority Offers.** Unless otherwise stated in "A.2. Exceptions" below, whenever the City receives a written bid or offer to purchase on the same property on the same day, the higher bid or offer shall have priority. Otherwise, the first written bid or offer received on the same property shall have priority.
3. **Exceptions.**
 - a. If the City requests the submission of written bids or offers to purchase a piece of City owned real estate or any property identified on an attached list of properties in a written and posted notice that clearly states the closing date for such submissions, the City shall wait until the close of the bid period before opening, reviewing and evaluating all bids and/or offers to purchase one or more properties from the list of properties. Priority shall be given to the highest bid and/or offer received on each piece of property by a bona-fide potential purchaser who intends to occupy the property as an owner.
 - b. Any written Listing Agreement the City may have with a Realtor or Realty company shall govern the sale of the subject property(ies).
4. **Inspection And Recording Fees.**

The City shall add to the total cost of any real estate transaction the cost of an inspection and the cost of the recording fee for each deed.

B. SALE PRICING GUIDELINES FOR RESIDENTIAL PROPERTY

1. General.

The City recognizes that, as of April, 2013, the real estate market remains depressed and most of the residential properties owned by the City were obtained after the property went through a foreclosure process with the County of Wayne. As a result, most City owned residential properties have been vacant for several years, may have been vandalized and are generally, with some exceptions, not considered highly valuable or marketable. The City wishes to make the acquisition of these homes affordable in order to return the properties to the City's tax rolls and begin a process of rebirth in our neighborhoods. Therefore, pricing for the sale of such real estate reflects these realities. Recognizing also that the real estate market shifts from time to time, the sale pricing guidelines set forth herein shall be reviewed every two years and adjusted pursuant to real estate pricing trends as documented in the marketplace and determined by the City Administrator after conferring with City Council.

2. Residential With Structure On Property.

The minimum sale price the City is authorized under this policy to consider for a single residential property with a structure on it is Five Hundred (\$500.00) Dollars. However, where there are articulable facts as to a piece of residential property's condition and other relevant considerations that would warrant a higher minimum sale price in the discretion of the City Administrator and Assessor's Office, a higher minimum sale price shall prevail.

3. Vacant Property In Residential Area.

a. Option of Adjacent Land Owner To Purchase Vacant Land.

Where vacant land occurs in a residential area, unless an individual or entity holds a written and executed Right of First Refusal with the City, an adjacent

landowner to the vacant land shall be given the opportunity to purchase the vacant land at the rate of \$10.00 a front foot but only within the first six (6) months that the land becomes vacant or within seven (7) business days in the event the City sends a letter to an adjacent land owner inquiring as to the adjacent landowner's interest in purchasing said vacant land or a portion thereof.

4. In any given year, the City shall make every attempt to sell residential property and land to Purchasers who will, as an owner, live in the residence.

C. SALE PRICING FOR COMMERCIAL AND INDUSTRIAL PROPERTY

1. Commercial and Industrial property that is vacant may be sold by a submitted proposed bid at a minimum rate of \$50.00 a front foot.
2. Commercial and Industrial City real estate with structures shall be listed with a realtor. When the anticipated minimum starting bid would be over \$25,000 but less than \$50,000, in the discretion of the City Administrator and Assessor's Office with input by the City Council on what the minimum bid should be, the City may request and/or accept proposals or bids to purchase commercial and industrial City real estate. Any such minimum starting bid shall be determined after the City Administrator and/or Assessor have received input or a recommendation from a Realtor.
3. Criteria for the sale of commercial and industrial shall be the best use of the property based on the area and surrounding businesses as determined by a Realtor. The noise that the new business shall be considered for the surrounding residents both residential and commercial/industrial.